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NEA FOR FRONT OFFICE; NEA/IPA FOR
WILLIAMS/GREENE/WATERS/WAECHTER; NEA/RA FOR CLAWSON; NSC
FOR ABRAMS/DORAN/LOGERFO; TREASURY FOR NUGENT/ADKINS; USAID
FOR BORODIN

E.O. 12958: DECL: 06/20/2016
TAGS: [ENRG](#) [EAID](#) [PGOV](#) [KWBG](#) [JO](#) [EG](#)
SUBJECT: LOOKING TO PLUG IN: PALESTINIANS SEEK ALTERNATIVE
SOURCES OF ENERGY FROM EGYPT AND JORDAN

REF: 2005 JERUSALEM 05829

Classified By: Consul General Jake Walles for reasons 1.4 (b) and (d).

11. (SBU) Summary: The Palestinian Authority (PA) is seeking to import electricity from Egypt and Jordan in order to reduce energy bills and diversify its supply, according to local press reports the week of June 19.

12. (SBU) (Note: The Israeli Electricity Company (IEC) generates 95 percent of the electric power used in the West Bank. The Jerusalem District Electricity Co. Ltd (JDECO) and the National Electric Company (NEC) purchase electricity from IEC and distribute it to the Palestinians in the West Bank. The remaining 5 percent is provided by decentralized small diesel Palestinian generators at various locations in the West Bank. Both JDECO (East Jerusalem and the central part of the West Bank) and NEC (northern West Bank) use IEC-owned transmission grids to distribute electricity to Palestinian households. The IEC transfers power to Gaza, meeting 55 percent of demand. The Palestinian-operated Gaza Power Plant (GPP), a subsidiary of the publicly-traded Gaza Power Generating Company (GPGC), generates the remainder, which is distributed through the quasi-governmental entity Gaza Electrical Company (GEC) to the Gaza municipalities. End Note.) End Summary.

From Jordan to Jericho

13. (SBU) Palestinian daily Al-Quds reported June 20 that President Mahmud Abbas had received approval from Jordanian King Abdullah for the Jordanian Electricity Company to partner with JDECO to transmit medium-voltage electricity (33kv) from Jordan to Jericho and the Jordan Valley. (Note: The medium-voltage electricity of 33kv would be sufficient to cover the electricity needs of Jericho, encompassing 7,000 households, according to Jerusalem District Electricity Co. Ltd. (JDECO) Managing Director Hisham Omari. End Note.)

14. (C) JDECO Managing Director Hisham Omari told EconOff June 20 that the PA Cabinet approved the agreement June 19 and that a JDECO technical team traveled to Jordan June 21 to meet with Jordanian counterparts. He said the potential savings to JDECO from tapping into a Jordanian supply of electricity is estimated at NIS 10 million (USD 2.2 million) per year and would reduce the cost of electricity by one-third for end-users. JDECO is now petitioning the GOI to approve the agreement since JDECO is registered in Jerusalem as an Israeli company and is already supplying Jericho with

electricity. (Comment: Israeli approval would also be required to link the two grids. End Comment.) According to the Norwegian Representative's Office, Norway has agreed to fund the equipment to install the electricity lines, but has not yet determined the amount of assistance.

From Egypt to Gaza

15. (SBU) Palestinian Energy and Natural Resources Authority (PENRA) official Suleiman Abu Samhadana announced to the press June 19 that a facility would be built in Egypt to transmit high-voltage electricity (220kv) from Egypt to Gaza.

Abu Samhadana said that Egyptian officials had approved the USD 15 million project, funded by the Kuwait Fund, and that it could potentially reduce Gaza's electricity bill by 44 percent.

16. (SBU) Following a June 21 visit to Egypt, PENRA head Omar Kittaneh announced June 22 that Palestinian-Egyptian discussions were being conducted on a technical level to establish a connection between their respective electrical grids, according to press reports. Kittaneh said both sides had agreed to establish a double-circuited line, designed to reduce losses from inefficiencies. This line will be 50 kilometers long and will originate from al-Arish in Egypt to the Rafah crossing. According to press reports, the Egyptians will prepare the technical descriptions and the designs for the project.

17. (C) GPGC Project Manager Rafiq Maliha told EconOff June 22 that this type of project will take at least a couple of years to implement and that it was a complicated undertaking, given the "border politics." He said, however, that these were concrete steps to establish a back-up power source in

the case of an interruption in supply. He added that there is an annual increase in demand of 9 to 10 percent, driven by changing needs and partly by population growth. Maliha asserted that this increase in demand could be met by this new Egypt-Gaza interconnection. (Comment: Maliha is correct that this project will be difficult to implement. International restrictions on the Hamas-led PA will complicate progress, and Israeli cooperation will be required as long as the Gaza grid is linked to Israel. however, cheaper power would benefit Gaza's economy, and Israel's electricity shortages at peak times could benefit from additional supply in the grid. End Comment.)
WALLES